

1,002,336,925 rupees during 1895, or more than three times the circulation. The new currency has possessed perfect security and has obviated the necessity for large transfers of silver coin, but it has lacked the element of elasticity and has restricted the expansion of banking business in India. The total liabilities of the three banks which formerly issued notes have increased in no such proportions as the liabilities of banks in other countries, and interest rates in India have averaged much higher than in countries possessing a banking currency.

The period of banking expansion throughout the world, however, which began about 1897 <sup>was</sup> not without influence in British India. The capital of the three Presidency banks is 36,000,000 rupees, but they find strong competitors in the exchange banks and other joint-stock banks. The total deposits of all classes of banks on March 31st increased from 284,121,180 rupees for 1896 to 508,957,601 rupees for 1905, of which the share falling to the Presidency banks was 129,228,296 rupees for 1896 and 222,636,961 rupees for 1905. The exchange banks had deposits on the latter date of 170,490,725 rupees and other joint-stock banks 115,829,915 rupees. The liabilities of the three Presidency banks on June 30, 1908, were for the Bank of Bengal, 230,045,086 rupees (\$75,700,000); for the Bank of Bombay, 112,905,756 rupees (\$36,690,000); and for the Bank of Madras, 63,806,760 rupees (\$20,735,000). Private deposits at the Bank of Bombay were 170,105,245 rupees; at the Bank of Bengal, 79,476,453 rupees; and at the Bank of Madras, 46,907,349 rupees. \*

So considerable was the increase in the funds held against outstanding currency notes, as the result of the deposit of gold and rupees in the paper-currency reserve, that the Paper-Currency Act of 1905 authorized the transfer of a part of this reserve to London. The result was the remittance during the fiscal year 1906 of , £7,045,000, where the gold was put in the vaults of the Bank of England, There was

<sup>1</sup> London *Bankers' Magazine*, September, 1908, I/XXXVI., 395-96.